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## BEFORE THE ARIZONA CORPORATION COMMISSION

## COMMISSIONERS

Arizona Corporation Commission

DOCKETED

KRISTIN K. MAYES, Chairman  
 GARY PIERCE  
 PAUL NEWMAN  
 SANDRA D. KENNEDY  
 BOB STUMP

MAR 17 2010

DOCKETED BY

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IN THE MATTER OF THE APPLICATION  
 OF THE DELLS WATER COMPANY, INC.  
 FOR FINANCING APPROVAL.

DOCKET NO. W-01384A-08-0048

DECISION NO. 71518

ORDER EXTENDING TIME  
DEADLINE CONTAINED IN  
DECISION NO. 70953

Open Meeting  
 March 2 and 3, 2010  
 Phoenix, Arizona

## BY THE COMMISSION:

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the  
 Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On April 7, 2009, the Arizona Corporation Commission ("Commission") issued  
 Decision No. 70953 which approved the application by the Dells Water Company, Inc. ("Company"  
 or "Applicant") for long-term debt to pay for the installation of additional storage facilities.<sup>1</sup>

2. The Commission's Decision approving the Company's application for a long-term  
 debt ordered the Company to file, by December 31, 2009, with the Commission's Docket Control as  
 a compliance item in this docket, a copy of the AEDQ AOC for the new storage facilities.

3. On January 25, 2008, following the issuance of Decision No. 70102 in Docket No. W-

<sup>1</sup> Because the Commission found in Docket No. W-01384A-07-0314, a rate case, which resulted in Decision No. 70102 (December 21, 2007), that the Company had inadequate storage to serve its existing customers, the Commission ordered the Company to add 20,000 gallons of additional water storage facilities. As a condition of the Commission's approval of the Company's rate application and to verify that the additional storage was added, the Company was initially ordered to file a copy of the Arizona Department of Environmental Quality ("AEDQ") Certificate of Approval of Construction ("AOC") by December 31, 2008, in the rate case docket.

1 01384A-07-0314, the Company filed the financing application in this docket requesting authorization  
2 to incur long-term debt for a \$30,000 loan from the Water Infrastructure Authority ("WIFA") to fund  
3 the construction of two new 10,000 gallon storage tanks. After the storage facilities are constructed,  
4 ADEQ is to approve the construction and issue the AOC for the storage tanks.

5 4. While the financing application was pending, on January 28, 2009, the Company filed  
6 a request for an extension of time in Docket No. W-01384A-07-0314, until November 1, 2009, in  
7 order to file a copy of the ADEQ AOC. According to the Company, the delay in securing the AOC  
8 for the additional storage was due to the processing of the Company's financing application in this  
9 docket.

10 5. On January 15, 2009, the Commission's Utilities Division ("Staff") filed its report in  
11 this docket recommending approval of the Company's financing application which would provide  
12 funds for the construction of the Company's planned new storage tanks. The Staff Report concerning  
13 the financing application also recommended that the Company be granted an extension until  
14 December 31, 2009, in the rate case docket to file a copy of the ADEQ AOC for the storage facilities.

15 6. On March 20, 2009, Staff filed a memorandum in the rate case docket concerning the  
16 ADEQ AOC compliance item required by Decision No. 70102. Staff reaffirmed its previous  
17 recommendation for the Company to file a copy of the ADEQ AOC by December 31, 2009, as stated  
18 in the financing docket.

19 7. Staff's recommendation with respect to the AOC was adopted with the Commission's  
20 approval of the financing application in Decision No. 70953 (April 7, 2009) and the Company was  
21 ordered to file by December 31, 2009, a copy of the ADEQ AOC.

22 8. On December 11, 2009, the Company filed a request for an extension of time to file a  
23 copy of the ADEQ AOC for the additional storage facilities until May 1, 2010, in both this docket  
24 and the rate case docket. The Company stated that plans for the construction of the facilities were  
25 submitted to ADEQ on August 21, 2009, and it still had not received the Certificate of Approval to  
26 Construct ("ATC") from ADEQ. The Company further stated that it had only recently received  
27 notice that its application to obtain a loan from WIFA had been approved. That loan has not yet  
28 closed and without the loan the Company does not have the resources to construct the storage facility.

1 The Company explained that the WIFA loan was expected to close before the end of 2009 and the  
2 Company would then contract with a firm to construct the storage facilities at that time.

3 9. On January 15, 2010, Staff filed a memorandum in both dockets recommending  
4 approval of an extension until June 30, 2010, in order for the Company to file a copy of the ADEQ  
5 AOC. Staff stated that it had recently contacted the Executive Director of WIFA who advised Staff  
6 that the loan had not closed as of January 8, 2010, and that recent changes related to the federal  
7 minimum wage laws must be included in the Company's construction contracts and this would delay  
8 the processing and the closing of the loan.

9 10. Subsequently, Staff contacted the Company's consultant who indicated that the  
10 Company had received the ADEQ ATC, but the effects of changes to the federal minimum wage laws  
11 could possibly increase the project's cost by 15 to 20 percent and these costs were not considered  
12 when the loan for the project was approved in Decision No. 70953. As a result of the changes to the  
13 laws, the authorized loan may be insufficient to fund the project.

14 11. The Company's consultant indicated that he has been in contact with Commission  
15 Staff concerning how to address the possible funding shortfall.

16 12. Staff is concerned with the Company's failure to comply with the requirement of  
17 Decision No. 70953 to file a copy of the ADEQ AOC because the Company has yet to complete the  
18 following actions: close on the loan; contract for the construction work; complete construction; and  
19 secure the ADEQ AOC. Staff believes the Company should either complete the project with the  
20 authorized funding of \$30,000 or if the funding is insufficient, apply for additional financing  
21 authorization.

22 13. Under the circumstances, the Company should be granted an extension of time until  
23 June 30, 2010, in which to file a copy of its ADEQ AOC as recommended by Staff.

#### 24 CONCLUSIONS OF LAW

25 1. The Company is a public service corporation within the meaning of Article XV of the  
26 Arizona Constitution and A.R.S. §§ 40-301 and 40-302.

27 2. The Commission has jurisdiction over Applicant and of the subject matter of the  
28 extension request addressed herein.

3. Staff's recommendation for the extension of time to file the Company's ADEQ AOC should be adopted.

**ORDER**

IT IS THEREFORE ORDERED that the Dells Water Company, Inc. shall be granted an extension of time until June 30, 2010, to file its ADEQ AOC for the additional storage facilities as required by Decision No. 70953.

IT IS FURTHER ORDERED that the Dells Water Company, Inc. shall be granted no further extensions in this matter, absent good cause shown.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.



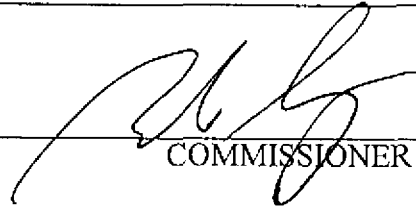
CHAIRMAN



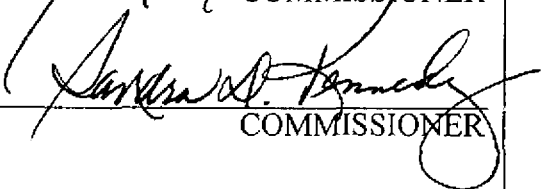
COMMISSIONER



COMMISSIONER



COMMISSIONER



COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 17<sup>th</sup> day of March, 2010.

  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

MES:db

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2 DOCKET NO.: W-01384A-08-0048

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